

Credit Saison (8253) Announces Financial Results for the First Quarter of Fiscal Year 2017

The fiscal year under review, Q1 of fiscal 2017 (April to June 2017), marks the second year of the current midterm management plan. To achieve further growth acceleration, Credit Saison Co., Ltd., as a leading-edge service company, made bold moves in new directions. The Company focused on products and services that meet customer needs with exceptional convenience. Such products and services included support for mobile payment and other cardless payment solutions, as well as enhanced value-added for Eikyufumetsu (“Never expire”) points, an advanced shopping-points service. The Company also deployed expertise it had cultivated in Japan to promote its retail finance business in Asia ex-Japan. In these and other ways, the Company continued to build its foundations as a consistently growing enterprise.

Number of Credit Saison formed a group called Higashi-ikebukuro 52. This group enhanced the presence of the Saison brand by fostering closer, more cordial relations between the Company and its customers, with particular focus on younger customer segments.

In April 2017, the Company purchased 100% of the outstanding shares of Omnibus K.K., an advertising firm that leverages state-of-the-art advertising technology. The purpose of this acquisition was to strengthen further its value-adding businesses using data held on the Saison Data Management Platform (Saison DMP), a Big Data platform. In July 2017, the Company entered the house-rent-guarantee business, expanding its roster of comprehensive residential financing services from rental to purchase.

The consolidated business results for Q1 of fiscal 2017.

Operating revenue grew 6.7% over the same period of the previous fiscal year (YoY) to ¥72 billion. Operating income rose 5.3% in the same period to ¥13.1 billion. As a result of an increase in investment income by the equity method, ordinary income jumped 35.8% to ¥20.8 billion. Extraordinary income from the appropriation of gain on sales of investment securities, which climbed 93.1% to ¥21.6 billion.

1. Business Topics

(1) Credit Services Business

- 1) Working closely with partner retailers, the Company membership drives for premium cards, “Saison American Express® Card”, and “Mitsui Shopping Park Card Saison”. Total card membership increased by 190,000 members from the previous fiscal year-end, to 26,650,000 members. And the number of prepaid cards increased by 2,120,000 from the previous fiscal year-end, to 40,660,000. The Company conducted promotions to stimulate card use, promoted the use of cards to pay utility fees and taxes, and reinforced efforts to encourage Apple Pay registration and use. By proposing solutions optimized for the size of each enterprise, the Company succeeded in promoting cashless payment in the corporate domain. As a result of these many efforts, transaction volume on corporate cards rose 15% YoY, overall shopping transaction volume expanded 5.9% YoY to ¥1,150.1 billion, and shopping revolving balances grew 2.6% from the previous fiscal year-end to reach ¥390.8 billion.

- 2) The number of online members increased by 300,000 members (2.2%) from the previous fiscal year-end to 14,160,000 members. Point Mall (Eikyufumetsu.com) transaction volume surged 13.6% YoY to ¥15 billion. The number of users of the Point Investment Service, which enables users to simulate the investment experience using Eikyufumetsu points, broke through the 50,000 level. In July 2017, the Company expanded the functions of Point Mall (Eikyufumetsu.com), developing it into Saison Point Mall, a comprehensive shopping-points website. This move enhanced the versatility, liquidity and value-added of Eikyufumetsu points.
- 3) In overseas operations, HD SAISON Finance Company Ltd., a joint-venture company established in partnership with a Vietnamese bank, steadily rising transaction volumes, centered on loans for motorcycles and consumer electronics. These operations contributed ¥100 million (a 13.7% increase YoY) to earnings.

(2) Lease Business

- 1) In alignment with operators' capital-investment plans, Credit Saison cooperated on campaigns with major existing retailers, focusing on office-automation, communication and kitchen equipment. The Company also intensified sales efforts toward major new retailers. Transaction volumes increased 5.6% YoY to ¥28.9 billion.

(3) Finance Business

- 1) In credit-guarantee operations, the Company offered guarantee products for multi-purpose loans on deeds, which can be used for operating funds. By this means the Company strove to build detailed partnerships with regional financial institutions, such as regional banks and credit unions. The number of partner institutions increased YoY by 11, to 405, while the guarantee balance rose 0.9% from the previous fiscal year-end, to ¥337.1 billion.
- 2) In Flat 35, the Company continued to expand its product lineup, with offerings such as the Saison Home Assistance Loan, a loan for various expenses incurred when purchasing a house. Loan issuance soared 26.7% YoY to ¥40.3 billion, while the balance of loans transferred to JHFA grew 5.8% from the previous fiscal year-end to ¥476.5 billion.
- 3) For the Saison Asset Formation Loan, a loan product supporting the purchase of condominiums for investment purposes, the Company strengthened coordination with leading partners. As a result, loan issuance expanded a robust 11.0% YoY to ¥24.8 billion. Total loan portfolio posted solid growth, surging 10.1% against the previous fiscal year-end to ¥238.9 billion.

(4) Real Estate Related Business

- 1) Net sales from real-estate operations increased, powered by real estate in urban areas where demand is stable.

◆Non-consolidated results for Q1, fiscal 2017

(1) New card members acquired	:	740,000	(down 3.4% YOY)
(2) New cards issued	:	620,000	(up 0.0% YOY)
(3) Total No. of card members (Online membership)	:	26,650,000 (14,160,000)	(net increase of 190,000 members from end of previous fiscal year) (net increase of 300,000 members from end of previous fiscal year)
(4) Active card members	:	14,860,000	(net increase of 80,000 members from end of previous fiscal year)
(5) Shopping transactions volume	:	¥1,150.1 billion	(up 5.9% YOY)
(6) Shopping revolving credit balance	:	¥390.8 billion	(up 2.6% from end of previous fiscal year)
(7) Card advance transaction volume	:	¥63.2 billion	(down 5.3% YOY)
(8) Card cash advance balance	:	¥214.7 billion	(up 0.4% from end of previous fiscal year)
(9) Operating revenue	:	¥61.2 billion	(up 5.7% YOY)
(10) Ordinary income	:	¥12.7 billion	(up 0.1% YOY)
(11) Q1/FY 2017 Net income	:	¥14.9 billion	(up 60.0% YOY)